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MALTHUS AND RICARDO.

The recent publication of Ricardo's letters to Malthus has attracted the attention of the public to those economic controversies of the first quarter of our century, in which both Malthus and Ricardo took such prominent parts. At an earlier period Adam Smith formulated many of the leading doctrines which have since become economic axioms. He, however, had an easy task to perform. All the propositions he developed were at least dimly seen by previous writers, and many of them had been carefully discussed by scholars familiar with special topics. Locke, Hume, Steuart and others, had accomplished much, each in his own field, and it only needed a careful thinker to collect the scattered material, write it in a harmonious whole and bring out those underlying principles which have made economics a real science. I do not wish to disparage the services of Adam Smith, yet it should be recognized that his task was made easy by the labors of his predecessors and pleasant by the harmony of his views with the spirit of the age in which he lived. From the very start he had no worthy opponent, and all the laurels of victory have been bestowed upon him ever since by every class of economic writers. From one extreme of economic opinion to the other, from inductive as well as deductive writers, there has been a constant stream of praises bestowed upon the founder of our science arising from the feeling that each writer had, that Adam Smith was really on his side. The father of Political Economy doubtless merits all the praise

which his many disciples have bestowed upon him, yet fortune has favored him in casting his lot in such pleasant ways.

The very opposite of this has been the lot of economists, to whose views I desire at the present time to call attention. Malthus and Ricardo are, indeed, familiar names, and posterity is not likely soon to forget either of them, yet as their names are attached to disagreeable doctrines, they are thought of as enemies of their species rather than as public benefactors. Malthusian and Ricardian are words usually employed as terms of contempt, and even the best friends of these economists seek rather to apologize for their short-comings than to offer a sympathetic defence.

By examining the conditions under which they wrote it is easy to see why Adam Smith is remembered for the best of the work he did, while Malthus and Ricardo are known mainly for their worst. What Adam Smith said was in harmony with the tendencies of his time. The age that had just passed had experienced the evil effects of governmental interference in its worst form, and was ready for the doctrine that that state governs best which governs least. To place the production of wealth within the domain of natural law and out of the reach of the disastrous influence of ill-advised public officials, presented to the people of the last century the only possible relief from the evils of the then prevalent forms of parental governments. The eighteenth century was a century of optimists and they welcomed the views of Adam Smith as allowing an extension of their hopes to a new field. These optimistic hopes were bound to be dissipated, and Malthus and

Ricardo were the unfortunate instruments which brought the people of their age back from utopian ideals to the stern realities of that hard world in which we must all live and work. The law of population showed that there were real obstacles to progress which were not of a political nature, and that the social millenium could be reached only after long ages of slow development. No wonder the prophets, who thought they viewed the promised land and hoped soon to taste of its milk and honey, stood aghast at such a doctrine and hurled at its author all the offensive adjectives they could command. But their cup was not yet full, for with this doctrine were soon coupled others which seemed to take away all hope and make the future a dismal abyss. It was bad enough to find that there was a limit to population, it was worse to discover that as population increased the share of each individual would decrease, but it was unendurable to be told that of this reduced share an ever increasing proportion must be deducted from wages to go as rent into the pockets of a class who earn as much when they sleep as when they wake.

The success of Adam Smith and the partial failure of Malthus and Ricardo are worthy of notice from another point of view. The doctrines of Adam Smith were founded upon the plainest and most fundamental facts of human nature and of the external world. The universal prevalence of those motives which impel every one to seek his own interest, the benefits of commerce, the dependence of efficient production upon the division of labor, the mutual advantage which all nations derive when they concentrate their productive forces upon the production of those com-

modities by which their natural resources and climate will best utilize—could any opinions be more easily proved, or what doctrines would be more agreeable to teach? As the powerful forces upon which these principles are based are seldom or never counteracted, the doctrines derived from them can be proved by inductions from experience, by the history of the past, and by deductions from human nature and the external world. All three methods coincide in their results and every shade of opinion finds an appropriate method of proof by which these doctrines are verified.

The doctrines of Malthus and Ricardo are not capable of so ready a proof. Many opposing tendencies have to be separated one from another, and the relative importance of each element must be measured with care before it can be determined what doctrines are to be drawn from each of the leading tendencies. Only a rigid examination will show the real harmony of these doctrines with the complicated phenomena of life by which we are surrounded, and long explanations must be made before even an active mind can separate the few underlying principles, which are important, from the mass of concrete facts by which they are covered and obscured. Under these conditions induction, deduction and history are liable to furnish different answers to the economic problems in whose solution humanity has so great an interest, and only the most able minds can see clearly through the mists by which they are surrounded and determine the bearing of the unknown coast we are rapidly approaching. It is no wonder that so many fail to grasp the truths for which Malthus and Ricardo labored. The power to combine in proper

proportion the principles deduced from ultimate economic causes with the results of observation and history is a gift which as yet nature has rarely bestowed. Even if it be admitted that many of the conclusions of Malthus and Ricardo are defective, it will require men of equal, if not of still greater ability, to detect their errors and to direct the attention of their fellows to those avenues by which humanity can avoid the rocks which have wrecked so many hopes. In the complexity of economic phenomena there is a sufficient cause for the present slow progress of political economy, and only by the steady growth of higher types of reasoning can we expect a solution of our present problems and the advance of our science to that stage in its development where there will be an unanimity of opinion.

My plan will not lead me to develop in full the leading doctrines of these writers. I desire only to make prominent the differences in the premises from which they started upon their investigations, and to show how the mode of thought which is natural to each of them, influences him in his reasoning and kept them from attaining a common point of view from which they could make their conclusions harmonize. If we wish to determine the methods of investigation used by any author, it is not sufficient to classify him merely according to the school of economics to which he belongs, and regard him as inductive or deductive because his school is supposed to favor one or the other of these methods of investigations. Even at its best such a classification is very crude. Every writer makes free use of both induction and deduction, applying the one method to this class of problems and the other method to that class.

The vital question is to discover in what class of problems the author reasons deductively and in what inductively. The education, occupation and places of residence of each person cause him to view the economic world, influenced by his environment, and will lead him to treat each problem inductively or deductively, according to the prominence which it has in the surrounding economic conditions. Every one is strongly inclined to use deductive reasoning in those fields which are emphasized by his social and economic environment, or by such an education as will lead him to exaggerate the importance of any special phenomena. The more prominent a topic becomes the more it seems subject to law, and the more likely are those who are deeply impressed with its importance to see the law and the premises upon which it is based.

If we examine the works of Malthus and Ricardo to determine what differences in method can be discovered in their writings, it will be found that their controversies about rent and its causes furnish the best material for our purpose. In this discussion we find their differences most prominent, and at the same time they show the thought of each writer uninfluenced by that of the other. The long period of intimate friendship which these writers had with each other in subsequent years could not but exert an influence toward creating a harmony, even if it was not powerful enough to wipe out their fundamental differences. This discussion was opened by Malthus in his "Inquiry into the Nature and Progress of Rent." The origin of this essay is peculiar and throws much light upon the point of view of its author. Adam Smith, in explaining rent, sometimes spoke of it as a

monopoly, without perceiving the real difference between the cause of the high price of food and that of monopolized articles. From this view of rent the appropriation of land caused a monopoly; yet, as property in land leads to its best use, this monopoly was necessary and useful. In an edition of the "Wealth of Nations," edited by Mr. Buchanan, this idea of monopoly was pushed still farther. He regarded the rise of rent as prejudicial to society. It takes from the consumer what it gives to the landlord, and thus is a mere transfer of revenue from one class to another.

This argument aroused the mental activity of Malthus in a similar way in which the views of Godwin affected him at an earlier period, and the results of this activity were even more beneficial to the development of economic theory than were those of the earlier epoch. Malthus sought to show that the rise of rent was beneficial to public interests, and was not a mere subtraction from the revenues of one class in the interest of another. In trying to prove this he seems to have stumbled upon the correct cause of the rise of rent and opened up a discussion which did not cease until several of the most important of economic doctrines were added to the science.

From the position of Malthus the cause of rent lies mainly in the fertility of the soil. A high rent is only possible where the fertility of the soil is so great that many more persons can be supported by the produce of the land than are required to cultivate it. The possible rent is determined by subtracting the quantity of food necessary to support those who cultivate it from the whole produce of the land, and it increases as the land becomes more fertile. This

possible rent becomes actual rent through the action of the law of population. Humanity has a great tendency to overpopulation, and any increase of food will be quickly followed by a sufficient increase of population to consume it. "If," says Malthus, "An active and industrious family were possessed of a certain portion of land which they could cultivate so as to make it yield food, and the materials of clothing, lodging and firing, not only for themselves but for five other families, it follows, from the principle of population, that they would soon be able to command the labor of five other families, and the value of their landed produce would soon be worth five times as much as the value of the labor which had been employed in raising it."

From this point of view a tendency to overpopulate, combined with a fertile soil, necessitates a high price for food. The too rapid increase of population cannot be checked without a high price of food. The price of food must be high if the price of men be low.

The development of this doctrine shows why the increase of rent does not come from the other classes, but is an addition to the revenues of the nation. Mankind did not at first cultivate the best lands or use a large amount of capital, nor had they the seeds, tools or knowledge, necessary to produce enough upon the land to make it yield rent. A mere existence was all any land could offer to its cultivators, and the growth of population was held in check from the impossibility of increasing the supply of food. In time with better seeds and tools the produce of the best lands was increased beyond the amount needed to support the labor employed upon it and then rent arose. It would be wrong, however, to say that the

amount of the rent was taken from the laborers. They never had it so that it could be taken away. It came from the increase of produce caused by the improvements in the production of food. With every such improvement the rent of land must rise if the price of food cannot fall. And the price of food cannot fall so long as a strong tendency to overpopulate keeps wages at a minimum.

Malthus thus took up the problem of rent to refute the claim that rent was a mere transference of revenue from one class to another, and not a real gain to society. His position seems reasonable, and his argument conclusive, yet the answer which his opponents were to make lies so plainly on the surface that the wonder is that Malthus did not himself see it and answer it in advance. By a slight change in the premises from which Malthus reasoned, or, perhaps, it will be better to say by overlooking the historical development of mankind, a new standpoint is acquired from which the views of his opponents could be justified. They now had a chain of reasoning simpler than that of Malthus, and one that harmonized more with the tendencies of the age.

It is necessary to retrace our steps a little and show the development of economic doctrine in another quarter before we can clearly perceive the genesis of these new ideas. The influence of the landlord classes upon the legislation of England had been so great that corn laws had been enacted to raise the value of corn above its normal cost. Such a policy necessarily created a bitter opposition and led to one of the most spirited and valuable controversies which have ever been waged about economic doctrine. It was a desire to throw light upon this problem that

caused West to write his memorable essay on the "Application of Capital to Land." This essay contains all the premises from which Ricardo subsequently reasoned with so much force. Instead of presenting the development of rent in an historical manner, as had been done by Malthus, we have the purely hypothetical supposition offered that mankind began upon the best soils with the capital and knowledge necessary for their best use. Then the most fertile land would be taken first, and as poorer soils were brought into use rent would rise. Profits were shown to depend upon the margin of cultivation, and the doctrine of no-rent lands is brought forward as a fundamental condition determining the amount of rent. West, for the first time, established the law of diminishing returns, and clearly saw the immense change in economic doctrine which would follow from this law. Few writers have ever expressed new doctrines more forcibly than West did, and it is no wonder that these doctrines, when further developed by Ricardo, were accepted by the people of that age in preference to those advocated by Malthus.

A closer comparison of these doctrines about rent will be of value to us to show the difference in the premises from which Malthus and Ricardo set out, and the peculiarities of the method of reasoning which each of them was most inclined to use. They each had also a concept of mankind developing under certain physical and social conditions, and the differences in their conclusions are largely due to differences in the conditions under which they supposed society to develop. Malthus was naturally influenced by his studies about the law of population, and those studies led him to investigate the historical develop-

ment of mankind. Ricardo had in mind the case of a new colony from a highly civilized nation. Such a colony would naturally begin cultivation upon the best lands. Here their rate of profits and wages would be high at the start, but would be gradually reduced as the increase of population caused the cultivation of poorer lands to supply the increasing demand for food. The effects of the cultivation of poorer lands now receive an undue prominence, and the connection between the margin of cultivation and the rate of profits could be easily seen. As rent would rise as profits and wages fell, rent would not be an addition to the resources of the nation; it is merely a transfer of wealth from one class to another.

With Malthus, however, the case is different. The society he had in mind began with a low rate of profits and wages, because the earth cannot yield more to those who have so little knowledge, skill and capital. With each increase in productive power there is a possibility of a higher rate of profits and wages, yet the tendency to overpopulate is so strong that the increase of productive power is constantly lagging behind the possible increase of population. Wages and profits are thus kept at a minimum and all the benefit of the increased productive power goes to the owners of land as rent. If rents rise the proper inference is that there has been an increase of productive power, and not as Ricardo infers a transference of wealth from other classes to the landlords. The rise of rent is thus directly associated with agricultural improvements, and great stress is laid upon each step in that enormous progress which separates the agriculture of to-day from the primitive methods of our forefathers.

It is now easy to see the leading characteristics of the two men we have under consideration. It mattered not to Ricardo that the suppositions with which he illustrated his ideas had no likelihood of being realized in our world. He was satisfied so long as the supposition placed the thought he was developing clearly before his readers. Malthus had another ideal. He sought to keep his readers within the realm of facts, and illustrated his arguments by some suitable event in real experience. Ricardo always finds some one cause for each class of phenomena with which he deals, and seeks to separate each cause from all others in such a way that its effects are not lost in their aggregate effect. Malthus usually found two or more possible causes for each class of phenomena, and preferred to deal with complex cases, under the actual condition in which we find them, rather than artificially to separate them.

This tendency in Malthus to find a plurality of causes, where Ricardo sees only one, is the primary cause of the differences in opinion between these two men, as far as their differences depend upon their methods of reasoning. Malthus discovers three causes of rent, while Ricardo recognizes but one—differences in fertility. As to the law of profits Malthus regards them as affected both by the increasing difficulty of procuring the means of subsistence and by the proportion which capital bears to labor. Ricardo, however, has in mind only the natural fall in the rate of profits caused by the increased demand for poorer lands to support an ever enlarging population. In treating of wages Ricardo regards labor as a commodity, and emphasizes those causes which fix the price of labor at that point where the laborers

can merely exist and perpetuate their race without increase or diminution. The opinions of Malthus were not so rigid, and led him to admit the influence of many other causes upon the rate of wages.

The emphasis which Ricardo places upon some one cause of each class of economic phenomena creates in him a strong tendency to use the geometrical method of reasoning. He can hardly be said to have originated any economic doctrine. His value as an economist depends solely upon those trains of deductive reasoning by which every consequence of each premise is brought to light. Had he not overlooked every subordinate cause, and reasoned strictly according to geometrical usage, his writings would have had nothing to distinguish them from those of Malthus or West.

In the first edition of his book on population, Malthus made use of geometrical reasoning. The law of population, as he there states it, is the result of a bold use of supposition and abstraction. The hostile criticisms which this doctrine received seems to have convinced him that he had gone too far. At least in his subsequent writings he draws his illustrations from real life, and does not base his conclusions upon events which rarely occur. For example, in his work upon population, he seeks to discover the natural rate of the increase of population by taking the case of new colonies. Under the abnormal conditions which new colonies present he found that population doubles in twenty-five years; so he took this as the natural rate of increase and founded his law upon these facts. At a later period, in his discussion with Ricardo about rent, the latter made use of new colonies to show that the rate of profits begins at a high

point, when only the best lands are cultivated, and is gradually reduced as poorer lands are brought into use, thus causing a large transfer of revenue from capitalists and laborers to the landlords. Malthus now objects to the use of the abnormal conditions of new colonies to prove propositions which are to be applied to the ordinary conditions of older states. He thought that he had proved that his views were correct, if he showed that under the normal conditions under which civilization must progress, rent was increased from the gains of improved production and not through a reduction of the shares of the other factors in production. This tendency toward a more concrete form of reasoning grew as the years went by, and thus he became separated farther and farther from the abstractions of Ricardo. While he was one of the originators of the theory that differences in fertility are the cause of rent, yet he gradually placed less emphasis upon this cause of rent until in the end he allows it to fall almost out of sight.

Ricardo continued to the end that bold use of supposition and abstraction which has given to him so prominent a place in economic literature. He had but few ultimate premises, yet he made so skilful a use of them that a coherent body of economic doctrines was formed. Every new fact was so skilfully interpreted by him that it added to the strength of his position. The most forcible objections which Malthus could urge against him only gave him an opportunity to make his doctrines more plausible by showing the harmony between them and the supposed objections.

In many respects it is unfortunate that Ricardo did not write more fully his views upon population.

Had he been the author of that first edition of the essay upon population, instead of Malthus, he would not have receded from his original position. The celerity with which Malthus withdrew from his first position acted as detrimentally upon the further development of the principle of population, as did in recent times the hasty retreat of Mill upon the theories concerning wages. In both cases there is a break in the logical development of the subject, which is a puzzle and a stumbling block to all consistent thinkers. No matter how false, in the end, a doctrine may prove to be, it must have all its logical consequences developed, or the science of which it is a part will remain in a hazy condition, out of which no progress can be made. The clearer ideas which we now have about rent we owe to Ricardo and not to Malthus. Had Ricardo, like Malthus subordinated abstract doctrine to concrete ends the discussion would have relapsed into that obscurity in which it was left by Adam Smith, and there it would have remained until some bold thinker was willing to stand by his colors until the strength of his position was thoroughly tested. The retreat of Malthus may have been judicious from a practical point of view, yet it was caused by the abuse of his opponent, and not by the logic of their arguments. The many confusing interpretations of the doctrine which we yet have, show how much the growth of clear thinking has been retarded by the retractions of Malthus. We must find a thinker who is firm enough to withstand abuse before the logical consequences of each interpretation can be fully developed and a decision reached which will stand the tests of scientific investigation.

It is also unfortunate that the author of the law of

population was not a firm adherent of the utilitarian theory of morals. There would then have arisen a classification which would have done much to make the subject clear. If all feelings are viewed as either pleasure or pain, the third class of checks to population which Malthus calls moral restraints, have no logical basis. A restraint is a necessary cause of pain and a reduction of happiness. Had Malthus said a tendency to overpopulate necessarily results in vice, there would have been good reason to introduce the idea of moral restraint, for moral restraint is the antithesis of vice. But moral restraint is not different in kind from misery, if misery is a synonym of pain. Perhaps by misery Malthus meant what we would term poverty. In this case his classification of pains is incomplete, and he should have completed his classification rather than have receded to an illogical position. There are now three distinct doctrines which lie confused in the discussion of the law of population. Does the tendency to overpopulate result in vice; does it necessitate poverty, and does it reduce the total happiness which could be enjoyed if the tendency was less? Each of these doctrines must have its consequences logically developed before the difficulties which now confuse the discussion of the law can be cleared away.

In the foregoing discussion we have kept in view, mainly, the differences in the methods of investigation used by our two authors. They differ not merely in their mode of reasoning, they also differ in the premises from which they start. The social and political environment of each man furnishes him

with most of the premises from which he reasons. He differs from persons reared in other conditions, not merely at single points, but in all those ideas and axioms which naturally become the common property of those who have the same environment. These differences we see most clearly when we compare one nation with another, or the people of one age with their distant ancestors. The effects of the same food and climate, the influence of the same education and religion, the restrictions of the same government, habits and customs, all tend to develop in each nation a peculiar type of civilization which distinguishes its citizens from those of every other nation.

When individuals of different nations meet and endeavor to discuss doctrines or ideas which have arisen out of their social and political environments they differ not so much in their methods of reasoning as in the premises or axioms from which they reason. The peculiarities of home conditions bring certain facts into prominence, and so long as each disputant makes emphatic those facts which become prominent in the peculiar conditions in which he lives, there can be no harmony in results, even if the same method of reasoning be used. If A regards as the general rule what to B is only an exception to some other rule, the difference is not one which can be harmonized by any rules for reasoning. The trouble is that they do not have the same world in mind. One sees the economy of Saturn while the other sees that of Mars. The economies of England, Germany or America do not differ so widely as those of separate planets, yet they are distinct enough to cause the people of each nation to look upon the world in a peculiar way, and to lay stress upon those facts which

their own civilization brings into prominence. The diet also has a commanding influence upon the economy of each nation, and causes the attention of its economists to be attracted to certain problems connected with the food supply. The long discussion by Adam Smith and his followers about the connection between the price of corn and the rate of wages, could have arisen only in a nation where one article of food formed the staff of life of the people. So, too, the idea that a high standard of life could be maintained only by a people who use costly food needed the same conditions to develop it. It is an Anglo-Saxon idea that happiness consists in having a small part of a rare article. When this idea is outgrown, a large part of English economic doctrine will be displaced by other doctrines growing out of broader ideas of happiness.

The ideas of Malthus and Ricardo were based upon distinct national economies. In England at this time a new economy was displacing the old. The commercial centers were growing in importance, great discoveries in science were opening up the way to modern production, and wonderful inventions were rapidly revolutionizing industrial processes. England had been a land dominated by agricultural ideas and ruled by the landed classes. Now commercial ideas were coming to the front and the political power was passing from the country to the town.

The home of Malthus was in the country. His education made him familiar with agricultural needs. His environment made him have a keen interest in agricultural improvements and prosperity. His ideas of population were derived from a laboring class degraded by an absurd poor law and cut off from

those stimulating influences which were at work in the growing, progressing cities.

Ricardo and his ancestors were dwellers of the town. His education and vocation made him familiar with commercial usages and led him to emphasize those ideas which dominate the trading world. He felt keenly the evils of bad money and the need of some better regulation of the currency. He viewed the laborer as a commodity because the cost of labor was the only element of the social problem with which he came in contact. He knew nothing of the conditions needed for agricultural prosperity, and viewed an acre of land just as he would a coal mine or a fishery. As he thought only of profits, it is natural that he should see that the rise of rent reduced profits and that profits varied inversely with wages. The trading classes are, by their location, cut off from the producing classes and are vitally connected with them only by the causes raising or lowering rent or wages. Had not Ricardo developed the laws associated with his name some other person of his class would have done so, as they are the inevitable outcome of those ideas which control the trading world.

Adam Smith may have been a true philosopher who studied the industrial development of the world without bias or interest, yet both Malthus and Ricardo were the creatures of their time. They found their premises, each in his peculiar surroundings. Both of them were ardent disciples of Smith. Their interpretations of his doctrines were different, because the economical world in which the one lived differed in many essential features from that of the other. Doubtless each of them thought he was describing England and its economic laws, yet he was impressed

only by certain phases of national life, and even these were seen through glasses colored by preconceived notions and inherited ideals.

Malthus was a much better observer than Ricardo, and the world he saw was much nearer the real England than that of Ricardo. He was, too, a close student of history, from which he derived correct ideas of the motives and sentiments by which real men are moved. In these and many other ways he had an advantage which he often used with skill. Yet from the same sources came also the most marked of his weaknesses. He felt and sympathized with the real world about him and had an uncontrollable desire to justify its ways. His country home and knowledge of English history led him to admire the customs and usages of his ancestors, and often caused him to forget that the England of his day was not the England of the past. He was too eager to espouse the cause of the landed interests and felt too strongly that their prosperity was identical with national prosperity. These views and motives induced him to enter upon all his writings. Had not the ideas of the French revolution threatened the stability of good old English ways he would not have written upon population. Had not the right of landlords to rent been questioned he would not have developed the doctrine of rent. The strength of his feelings was so great that he often forsook a logical position merely to satisfy them. What but his feelings caused him to forsake a logical statement of the law of population? What else could have caused him gradually to lose sight of fundamental truths, which mark his earlier economic discussions until at the end of the controversy with Ricardo they are so modified as to become mere empirical laws?

From Malthus we can see the dangers of one who reasons about the world in which he lives, and the difficulties he encounters when feeling conflicts with judgment. In Ricardo, however, we find a man whose connection with the real world was so slight that he found no difficulty in making the world correspond to his ideal. His success as a stock-broker was so great as to warrant the opinion that he was a good judge of the men with whom he came in contact. He saw that they were moved only by self-interest and bought and sold whenever a profit could be made. They did not hesitate to sell goods to the enemies of England if thereby a penny could be gained. They shipped out gold and culled coins in spite of the laws of the land. They were willing to withhold commodities needed by the government until their own terms were secured. Nor did they scruple to start false rumors of national defeats if they could gain a fortune by depressing public stocks. Is it a wonder that Ricardo thought the whole world is moved solely by selfish motives when that portion of it with which he came in contact exhibited only those characteristics which show themselves upon the world's markets? How easy it is in such a place to form an idea of an economic man, moved only by self-interest, and to think of laborers as commodities who have a cost of production. Ricardo's world was London, and in it men and capital moved from one occupation to another for the slightest gain. It was only natural that he should think other industrial worlds were like his own. Yet in doing this Ricardo was not to blame. He only acted upon the same principles which were in universal use in his time. The ideas of the French

revolution, and the doctrine of natural rights, taught that all men were equal, and that the lowest freeman only needed the overthrow of governmental restriction and inherited customs and habits to place himself upon equality with any of his race. And the utilitarianism of Bentham seemed to teach that self-interest was the only active motive in men, even in their moral actions. Inculcate into a stock-broker the doctrines of Bentham and that of natural rights, and cement the two with the ideas of the French revolution and what is more natural than that he should imagine men to be governed solely by natural law? From this standpoint the key to the knowledge of men lies in any one man, and that of every soil in any one field. We thus have a simple world with but few controlling laws, and a yet simpler man who follows and who obeys a single law.

In spite of its unreality the simplicity of the economy of the world of Ricardo has been of the greatest service to economists. It has made vivid in their minds the working of several simple economic laws which in the real world have their results so intermingled that only a few empirical generalizations can be obtained. Only the abnormal conditions of a new colony, occupied by a people from a civilized nation, or the effect of some great invention or discovery, can give such a prominence to the effects of some one law that its workings can be clearly traced in spite of conflicting laws.

It has often been charged against Ricardo that his economy was not of this world, but of some other planet. The economy of Saturn may be of so simple a nature as to correspond with the conditions laid down by Ricardo, but it has little value to the inhabit-

ants of so complex a world as the one we occupy. This standpoint, however, overlooks the advantage arising from a comparison of different economies, whether they are of different nations or planets. Suppose we could, by some good fortune, obtain a clear account of the economies of the other planets. Can there be a doubt that such knowledge would be of the greatest advantage to us? We would then have a much broader basis upon which to build our science, and could much more easily separate the general from the particular and the permanent from the transient. Each of the planets would have periods in its development when a single cause became so prominent that its effects could be clearly distinguished. Some of the planets would furnish good illustrations of the workings of one group of economic laws, and in other planets could be seen the results of a different combination of conditions.

It would be of especial value if we could learn of a world with other social, legal and moral ideas. All our civilized world has inherited about the same stock of ideas upon these subjects, and thus our history is of little importance in fixing the value of such ideas as factors in the economic development of mankind. Doubtless there are worlds where the effect of legal and moral ideas come out as clearly as the effects of competition do with us. Could we produce a thinker who would give us as vivid a concept of such a world as Ricardo did of the world he discovered, great progress could be made.

We need such a thinker, also, to clear up the mysteries of the consumption of wealth. He must be one who can seize the essential features of the problem and separate them from the complex phenomena

of actual life. Then he must put them together again in a new world where their effects will come out so clearly that they cannot be mistaken. Only a Ricardo can detect the primary laws of human nature upon which the problems of consumption depend, and trace their effects even where they are most obscured by conflicting laws.

Our world is doubtless a small world, yet it is a complex world in which it is difficult to find the proper cause for each effect. We need to become acquainted with simpler worlds, or at least with worlds which are simple where we are complex. Ricardo has given us one such world, and we make a mistake if we do not take the gift and honor the giver. His world is a stumbling block to us only when we confuse it with the real world in which we live. And for this danger we must not blame Ricardo. He was not conscious that his world was not our world. The confusion of the two worlds is due to his followers. They lived in our world and tried to convince us that it was the world of Ricardo, or that we would be in such a world as soon as the force of inherited customs, habits and laws became so weakened that their effects no longer obscured the working of the law of competition. No such danger confronts those who see that each nation and age has its own economy differing in some essential points from all others. Each economy is of value to us in as far as its controlling causes are sufficiently different from our own to bring out the effect of some new law. The economy of Saturn will be of more value to us than that of Rome, if it presents to us in a simple form the effect of some causes which could not be separated from other causes in the more complex economy of

the Roman people. In fact, we are likely to learn more from a Californian, an Australian, or from any new colony where a civilized race is thrown into a new environment, than we are from the mother countries where mankind has steadily developed under the same complex conditions.

Yet from these abnormal conditions only one class of economic laws can be discovered. After we have learned all we can from new colonies, or from older countries, under the peculiar circumstances which follow an industrial revolution, still a large body of doctrines can be discovered only under the complex workings of a high civilization. The qualities, both of man and of land, undergo a gradual modification as civilization progresses from a lower to a higher type. Each real advance creates in man a new class of desires and causes him to use the soil in a new way. With every marked change in the desires of man he can almost be said to discover a new world. New productive qualities are found in every soil and more of the land becomes good land.

Economic Science must therefore develop beyond the simple world in which Ricardo lived into that complex world, the laws of which Malthus tried to elucidate. The industrial progress of this century has been deceptive and conceals the operation of many fundamental laws. When men are thrown under new and more favorable conditions, where fertile soils or great inventions reduce the pressure of the struggle for existence, there is a tendency for those qualities in men to become again prominent which this struggle must weaken and finally displace. Contact with a fresh soil in America has strengthened in its inhabitants many of those qualities which keep

men crude and selfish. The great industrial revolution in England has had the same effect. The increased population has been supplied with food by a poorer use of foreign land, and not by a better use of land at home. The continued exploitation of new lands and mines has allowed an agricultural retrogression to accompany our industrial development. Progress thus seemed to lead to simpler conditions and to a man with primitive qualities. No wonder the economists were deceived and thought the real world would soon conform to the simple suppositions of Ricardo. Could we always progress through exploitation the selfish qualities in man would doubtless soon dominate in him and make him the economic man of Ricardo. It would seem, however, that we are approaching the end of that counter-current through which the crude and the selfish in our natures have been revived. When the end is reached the true direction of advancing civilization will be revealed and the development of a better man will be furthered. Agriculture will then be progressive and new uses for land will change the poor land of to-day into fertile land. The simple economy of Ricardo will then lose its charm, and we shall all appreciate more fully the struggle of Malthus to withstand the current along which the economists of his day were carried and by which they were deceived.